Report to the

House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division

on

Uniform System for Beds or Bed Days Purchased: With Local Funds, From Existing State Appropriations, Under the Hospital Utilization Pilot, and From Funds Appropriated

Session Law 2008-107, Section 10.15(k)

April 1, 2009

North Carolina Department of Health and Human Services, Division of Mental Health, Developmental Disabilities and Substance Abuse Services

Report on
Uniform System for Beds or Bed Days Purchased: With Local Funds, From Existing State Appropriations, Under the Hospital Utilization Pilot, and From Funds Appropriated

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This report is being submitted in response to the legislative mandate in Section 10.15.(k) of House Bill 2436. According to the legislation, "*Not later than March 1, 2009* [the deadline date was extended to April 1, 2009], *the Department shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division on a uniform system for beds or bed days purchased (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv) purchased using funds appropriated under this subsection."*

This report details how these funds and appropriations have been used to implement new programs and improvements at the local community level to expand capacity. A comprehensive crisis services continuum is critical to the stabilization of the public system across all disabilities of the statewide mental health, developmental disabilities, and substance abuse services system. Inherent in this system is the need to have individuals in crisis served in their local communities rather than being admitted to state psychiatric hospitals. The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (the Division), with generous appropriations from the NC General Assembly, has been able to begin very substantive development of the infrastructure to support this diversion from state hospitals via community-based services provision.

Following is a summary, by initiative, of the use of funds to purchase bed days in the community:

I. *Beds/Bed Days Purchased With Local Funds*

While the majority of funds to strengthen these efforts have come from legislative appropriations, some Local Management Entities (LMEs) have used local funds to purchase these inpatient beds or bed days. The Division has recently queried the LMEs to ascertain the use of local funds for this purpose. There are six LMEs (CenterPoint, Guilford, Mecklenburg, Mental Health Partners, Orange-Person-Chatham, and Wake) that have utilized county funds in varying degrees to purchase beds/bed days in both FY 2007-08 and FY 2008-09. Following is a table that highlights this information:

Beds/Bed Days Purchased with Local/County Funds					
LME	**Amount of County Funds Expended in FY 07-08**	**Number of In-Patient Beds/Bed Days Purchased With Funds**	**Amount of County Funds Expended in FY 08-09 (YTD)**	**Number of In-Patient Beds/Bed Days Purchased With Funds**	**Notes**
CenterPoint	$847,647	3,650 Bed Days Funded with County & State funds, & LME fund balance	$1,900,725	2,430 Bed Days Funded with County & State funds, & LME fund balance	
Guilford	$183,694	327 beds	$164,336	292 beds	
Mecklenburg	$15,719,210	66 beds	$16,771,150	66 beds	These dollars represent inpatient services, a 24/7 dedicated psychiatric emergency room & out-pt & community based services.
Mental Health Partners	$75,000	(see notes)	$25,000	(see notes)	MH Partners purchases indigent care--not specific beds/bed days.
OPC	$238,000	1,245 bed days	$238,000	(see notes)	OPC receives bed days data at the end of the FY.
Wake	$815,659	1,419	$649,925	1,130	
Totals: Six LMEs	$17,879,210	Cannot get clean total of beds/bed days due to merging of some funding streams & indigent care purchased (not specific beds/bed days)	$19,749,136	Cannot get clean total of beds/bed days due to merging of some funding streams & indigent care purchased (not specific beds/bed days) ; some bed day data not available until FY's end	

II. ***Beds/Bed Days Purchased From Existing State Appropriations***

In terms of bed/bed days purchased with existing state appropriations, during FY 2007-08 there were 17,865 bed days purchased and 3,355 clients served at a cost of $7,934,403.80. Compared to FY 2008-09 YTD (through the end of January), there have been 15,010 bed days purchased from existing state appropriations, with 2,991 clients served at a cost of $7,749,344.21. These numbers reflect Mental Health and Substance Abuse target populations who received inpatient care during these respective periods. This data comes from the Integrated Payment and Reporting System (IPRS) billings, reported by date paid, with the specific code of YP820 being billed (refers to inpatient overnight stays, based on a midnight bed count, and does not include any reporting from respite or free standing facilities).

III. ***Beds/Bed Days Purchased Under the Hospital Utilization Pilot***

The purpose of the Hospital Utilization Pilot implemented in SFY 2007-2008 was to reduce state psychiatric hospital use by holding LMEs financially and clinically responsible for the cost of that use and by providing additional resources to build community capacity. The implementation of House Bill 1473, Section 10.49(s1-s5), Session Law 2007-323: Pilot Program to Reduce State Psychiatric Hospital Use and to Increase Local Services for Persons with Mental Illness ushered in the following changes and service delivery improvements:

a. Beginning January 1, 2008, four LMEs (CenterPoint, Mecklenburg, Smoky Mountain and Western Highlands) started implementing programs and services as indicated in their request for proposals.
b. State Operated Services began tracking state psychiatric hospital utilization, readmissions and referrals while the state psychiatric hospitals were on delay specific to these four LMEs.
c. Following is information regarding funding provided to each LME for FY 2007-08 and FY 2008-09:

LME	FY08 Funding	FY09 Funding
CenterPoint	$ 750,000	$1,500,000
Mecklenburg	$ 204,820	$ 405,240
Smoky Mountain	$ 148,987	$1,268,376
Western Highlands	$1,146,193	$1,436,710

d. LME catchment area specific programs and improvements implemented included the following: 1)**CenterPoint LME**: a six bed residential substance abuse service for women with children, a hospital step-down unit, an Integrated Dual Disorder Treatment program, a family advocate, peer support staff and residential respite; 2)**Mecklenburg LME**: additional capacity for transitional housing for patients discharged from hospitals, and crisis respite for children and adolescents and individuals with developmental disorders presenting to the emergency rooms; 3)**Smoky Mountain Center LME**: adult inpatient capacity at Haywood and Cannon Hospitals, a child crisis bed/wrap around program, a geriatric crisis residential program, enhanced coordination of care among outpatient

providers, and a High Support Specialty Team; and 4)**Western Highlands Network LME**: adding two Adult Care Coordinators to be available for four county hospital emergency rooms and Broughton to facilitate diversions and crisis stabilization; 24/7/365 Dual Diagnosis Community Support Team; stipends for providers to actively participate in hospital discharge planning, strengthen 1st responder system; funding for expedited labs and medication upon hospital discharge; additional staff for the 16 bed Crisis Stabilization Unit; development of an assessment center, and early recovery services at a wet shelter (shelter which accepts individuals who have been drinking) for the homeless and consumer support groups.

- Each LME in the program has shown decreases in bed day utilization overall, with a total reduction (projected through 6/30/09) of 17,518 bed days. This equates to a net savings of $2,940,626 (this figure was obtained by multiplying the established bed day rate which is $548 per day times the projected bed day reduction of 17,518 and subtracting the funds that were allocated to the pilot LMEs, which was $6,659,238, which left a net of $2,940,626 based on bed day reductions).
- The total projected reduction in admissions is 1,176 fewer admissions from the start of the project. Total consumers served via new programs and usage of on-site hospital liaisons equals 4,396 through November 1, 2008.
- Some of the new programs implemented with these pilot funds are: transitional housing to bridge consumers who may have been discharged from state hospitals to homeless shelters (which reduces recidivism overall), geriatric crisis services to facilitate a reduction in admissions of geriatric patients, mobile crisis management and crisis stabilization to possibly reduce inpatient hospital usage (in addition to already funded mobile crisis services), and services to transition consumers discharged from the state hospitals more efficiently so that they are connected to services immediately upon discharge.
- Readmissions have decreased overall. Comparing readmissions within 30 days of discharge from January 1, 2008 through October 31, 2008 to the previous year shows that there has been a reduction of 66 readmissions in this category among these LMEs, equating to a 35% reduction in readmissions within 30 days of discharge.

IV. ***Beds/Bed Days Purchased Using Funds Appropriated Under This Subsection*** *(Section 10.15.(k))*

To further the development of a crisis services network around the state and build on the work and collaborative efforts begun during this Hospital Utilization Pilot, the General Assembly provided additional funding to the Division for SFY 2008-2009. House Bill 2436, Section 10.15. (k), passed in July 2008, instructed the Division to implement the following array of crisis services and models: mobile crisis teams, walk-in crisis and

immediate psychiatric aftercare, START (Systemic / Therapeutic / Assessment / Respite / Treatment) crisis model, crisis respite beds, and local inpatient psychiatric beds/bed days.

Of the funds appropriated in House Bill 2436 to the NC Department. of Health and Human Services, DMH/DD/SAS, the sum of $8,121,644 was allocated to expand acute indigent care bed capacity across the state with local community hospitals. The goal of this funding is to increase the community psychiatric bed availability or capacity by either purchasing a bed day/bed in an effort to divert admissions from the state psychiatric hospitals.

Community hospitals with psychiatric inpatient beds play an important role by providing immediate short-term, intensive crisis care for individuals close to home and their family and friends. LMEs will continue to authorize admissions to state-operated psychiatric facilities for individuals whose needs are more long-term and who require intensive psychiatric treatment. Detailed admission requirements and expectations for these community hospital inpatient beds have been outlined in a three-way contract between the community hospital, the LME and the Division. The Division, in a collaborative partnership with the North Carolina Hospital Association, has had good response to the contract proposal. To date, 12 contracts have been signed, expanding current local community inpatient capacity by 80 beds. The Division is continuing to expand new contracts.

The Division staff members who work with the Integrated Payment and Reporting System (IPRS) and Electronic Data Systems (EDS) have recently issued a standard alert for a new procedure code only for those LMEs who are party to a three way contract. The procedure code for the contracted, inpatient hospital psychiatric services (YP821) has been implemented in IPRS. The effective date is dependent on the LME's specific contract. This procedure code is available only to LMEs that have established a three-way contract with a community hospital and the Division. LMEs with signed three-way contracts may begin billing claims with YP821 once they have an attending provider rate added by the Division’s Budget Office.

The community hospitals in this current partnership with LMEs and the Division are agreeing to indigent short term acute care admissions to their community hospitals in lieu of state hospital admissions. The LME contract holder is responsible for authorizing admissions for purposes of payment, and also functions as the care coordinator with the hospital in working with other LMEs who may have an admission under the terms of the contract. The community hospital approves the hospital admission to the inpatient unit based upon clinical appropriateness. A list of community hospitals currently under contract is presented on the next page:

3-WAY ACUTE CARE INDIGENT CONTRACTS BETWEEN DMH, LMES AND COMMUNITY HOSPITALS

Community Hospital	Location	LME Contractor	# of Beds
Alamance RMC	Burlington	Alamance-Caswell-Rockingham	8
Beaufort RMC	Washington	East Carolina Behavioral Health	6
Brynn Marr Hospital *	Jacksonville	Eastpointe	5
Catawba Valley RMC	Hickory	Mental Health Partners	8
Coastal Plains	Rocky Mount	Beacon Center	8
Duke Hospital	Durham	Durham Center	2
First Health	Southern Pines	Sandhills Center	6
Forsyth Medical Center	Winston-Salem	CenterPoint	8
Frye Hospital *	Hickory	Mental Health Partners	5
Johnston Memorial	Smithfield	Johnston County	14
Gaston Medical Center	Gastonia	Pathways	5
The Oaks Beh. Health Hospital	Wilmington	Southeastern Center	5
Total: 12 three-way contracts			**80 beds**

The goal is to divert admissions from state hospitals to the above listed community hospitals when all of the following conditions are met: (1) Patient requires inpatient level of care; (2) Patient's financial status is indigent; (3) Patient is under commitment; (4) Patient would otherwise be admitted to a state hospital; (5) Referral information indicates that patient requires short-term stabilization.

LEGEND: * Indicates six-month contracts for diverting any type of patient that meets admission criteria to a state hospital (when state hospitals are on delay/diversion status). This protocol is optimally utilized by the LME and the Contracted Community Hospital, independent of the state hospital.

Two LMEs have currently submitted invoices to be paid as part of their three-way contracts: Johnston County and Mental Health Partners. The Mental Health Partners invoice has been paid for inpatient bed days purchased from Catawba Valley Medical Center before January 1, 2009, since some of the SFY 2008-09 contract funds were expended prior to Mental Health Partners' ability to bill IPRS.

A major effort began in 2006 when the North Carolina's General Assembly recognized the role of mental health, developmental disabilities and substance abuse crisis services in communities and the potential for reducing long-term costs. Since that time, continued funding from the legislature and strong collaborative relationships between the Division, LMEs, and community partners, such as local hospitals has helped to lay the foundation for integrating these crisis services into communities' safety and health emergency service systems. With the availability of these inpatient beds/bed days, local infrastructure is being developed to prevent admission to state psychiatric hospitals and increase the continuity of care for individuals between crisis services and appropriate ongoing services in the community.